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FM AMEMBASSY RANGOON
TO RUEHC/SECSTATE WASHDC IMMEDIATE 5281
INFO RUCNASE/ASEAN MEMBER COLLECTIVE
RUEHBJ/AMEMBASSY BEIJING 1171
RUEHBY/AMEMBASSY CANBERRA 9938
RUEHKA/AMEMBASSY DHAKA 4363
RUEHLO/AMEMBASSY LONDON 1824
RUEHNE/AMEMBASSY NEW DELHI 3559
RUEHFR/AMEMBASSY PARIS 0521
RUEHUL/AMEMBASSY SEOUL 7037
RUEHKO/AMEMBASSY TOKYO 4656
RUEHCI/AMCONSUL CALCUTTA 0933
RUEHCN/AMCONSUL CHENGDU 0937
RUDKIA/AMCONSUL CHIANG MAI 0667
RHHMUNA/CDR USPACOM HONOLULU HI
RUEHGV/USMISSION GENEVA 2886
RHEHNSC/NSC WASHDC
RUCNDT/USMISSION USUN NEW YORK 0538
RUEKJCS/SECDEF WASHDC
RUEHBS/USEU BRUSSELS
RUEKJCS/JOINT STAFF WASHDC

C O N F I D E N T I A L SECTION 01 OF 04 RANGOON 001520

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TAGS: [PGOV](#) [PHUM](#) [PINS](#) [EAID](#) [BM](#)

SUBJECT: KAYAH: A VIEW OF BURMA'S SMALLEST STATE

REF: A. RANGOON 1475
[1](#)B. RANGOON 1363
[1](#)C. RANGOON 1184
[1](#)D. RANGOON 1042

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Classified By: Poloff Dean Tidwell for Reasons 1.4 (b) and (d)

[1](#)1. (C) SUMMARY: Despite obstacles to travel, embassies made a rare visit to Loikaw, capital of Kayah State, on September 26-29. Local businesspersons, religious leaders, and humanitarian workers described the very rigid controls by authorities on their movements and activities. Tourism is non-existent in Kayah State, Christian leaders carry out their activities with great difficulty, and humanitarian organizations must jump through many hoops to provide even basic assistance. While mediators take tentative steps to restart peace talks between the military regime and the Karenni National Progressive Party (KNPP), the regime keeps Kayah cease-fire groups on a tight leash. END SUMMARY.

[1](#)2. (SBU) Poloff and Pol/Econ Assistant visited Kayah State September 26-29. Kayah State is Burma's smallest state both in size and population (250,000). With an active insurgency led by the KNPP, it remains one of the most difficult areas in Burma for foreigners to access. Although the Ministry of Foreign Affairs granted our travel request, our movements were closely monitored throughout the trip. All three checkpoints on the road from Heho Airport in Shan State to Loikaw were crowded with military, police, and immigration officials awaiting our arrival. At one checkpoint, authorities inadvertently waved us through without stopping our car, then raced after us on motorcycles to check our travel permit and identification when they realized their error.

PEACE TALKS AND CEASE-FIRE GROUPS

13. (C) Rev. Maung Thaung, a retired Baptist pastor from Demoso Township and a board member of the Shalom Foundation, traveled to Loikaw to brief us on the status of peace negotiations between the State Peace and Development Council (SPDC) and the KNPP. The KNPP broke their 1996 cease-fire with the regime after only four months. Maung Thang and another colleague have tried to restart talks since 2000. They made progress in 2006, after the KNPP agreed to let them serve as mediators with the regime. Following a recent meeting between the mediators and Major General Ye Myint, Chief of Military Security Affairs, the KNPP and the SPDC agreed to use the "16 points" of their original cease-fire agreement as a basis for future talks.

14. (C) National Convention delegates from the Kayan New Land Party (KNLP) and the Kayan National People's Liberation Front (KNPLF) were eager to meet us in Loikaw; KNLP Joint Secretary Saw Lwin even interrupted our meeting with MSF to give us a hand drawn map to his office. However, when we arrived at the walled KNLP compound on the outskirts of town, a sentry in the cease-fire group's uniform handed us a letter from Saw Lwin that apologized for canceling the meeting and explained that the Loikaw military commander had forbidden him to meet us (ref A). The letter also contained a copy of the KNLP's statement "condemning" the U.S. proposal to place Burma on the UNSC agenda, signed by Chairman Than Soe Naing. The letter was the first clear evidence that revealing that the KNLP had selected their former vice chairman to replace recently deceased Chairman Shwe Aye. Later, when we went to meet the KNPLF delegate, his family claimed that he was "not at home," indicating that he, too had been pressured not to meet with us.

MORE THAN A HOTEL

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15. (C) The only place for foreigners to stay in Loikaw is the Minmahaw Hotel, and we were the only guests at the hotel during our three-night stay. The owner, U Tha Du, was a helpful contact. A founding member of the National League for Democracy in Kayah State, local authorities pressured him to resign from the party after the regime cracked down on the NLD following the 1990 elections. He described how the local authorities frequently interrogated NLD members and interfered in their business affairs, finally forcing most of them to renounce their party affiliation. Kayah State is the only state or division in Burma where no official NLD presence remains today.

16. (SBU) Tha Du described Kayah's brief fling with tourism that lasted from January - April 1996. During that period, which coincided with "Visit Burma Year," he registered 600 foreign hotel guests. The tourist bubble burst on April 16, when the Karenni National Progressive Party (KNPP) (ref C) broke its cease-fire. According to Tha Du, 17,000 KNPP soldiers and supporters exited Loikaw and returned to the jungle. The regime then reinstated Kayah State as a "black zone" and banned foreigners from travel there. The infrequent foreign visitors to Loikaw today are all from NGOs or UN agencies (UNDP, UNICEF, and WHO). Diplomats visit rarely.

17. (C) During our stay, Tha Du stayed up all night to watch European soccer matches on his hotel's satellite TV. He had an encyclopedic knowledge of the teams and players. When we jokingly asked how much he won on the previous night's games, he told us he bet on six games and won five of the bets, netting \$10. He elaborated that each evening he goes to a local bookie and places bets on the night's games. He claimed a vast soccer gambling network exists in 300 towns and cities throughout Burma, controlled by a central office in Rangoon. The central office and local bookies regularly bribe officials who allow the gambling network to operate freely. Tha Du said he pays five percent of his winnings to

the local bookie. He claimed that billions of kyat change hands every night through sports gambling countrywide.

BAPTISTS LIE LOW

18. (C) Rev. Phae Bu and Rev. Khureh Kyaw Htoo, leaders of the Kayah Poo Baptist Association, and Rev. Sah Law La, Secretary General of the Kayah Baptist Association, described conditions faced by approximately 20,000 Baptist members in Kayah State. They said that restrictions on their movement, with numerous checkpoints on main roads, was their most serious problem. They also cited recent instances where the Burmese Army forced Christian villagers to hew bamboo for them. On the other hand, they reported that they usually have no trouble building new bamboo and thatch churches in villages, whereas building or repairing a church in towns and cities is not legal. Authorities will not even accept applications for repairing or building churches, so the pastors never use the word "church," but claim they are "rest houses," "assembly halls," or "kindergartens." While they never receive a direct "yes" from authorities to build or make repairs, they usually inform the authorities and discreetly carry out the construction if the authorities do not immediately object. Sometimes authorities order them to stop; they can then only complete their work after protracted negotiation.

19. (C) The Baptists operate a hostel in Loikaw for approximately 120 youths from remote villages without schools. The pastors told us there are few jobs available locally for youth after they graduate from high school. The more ambitious seek work in Rangoon. The pastors estimated

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that each year about two dozen Baptist youth contact recruitment agencies in Rangoon to travel legally to Thailand or Malaysia for employment (ref D).

PRESSURE TO BECOME BUDDHISTS

110. (C) The pastors said the government does not pressure their members to become Buddhists, but they recalled that the Burmese Army conducted a massive roundup of villagers to serve as porters in 2001 and told villagers they would stop forcing them to work as porters if they converted to Buddhism. More recently, the Department for the Promotion of Sasana (Buddhism) has actively promoted Buddhism in Kayah State, especially in mountainous areas where some villages still practice animism. The Ministry of Border Affairs (NaTaLa) operates public schools in Loikaw. Non-Buddhist students who attend these schools are pressured to convert to Buddhism. Christian students were not allowed to enroll in the government high school or to participate in study trips, even if they had good grades.

ANGLICANS DO AGRICULTURE

111. (SBU) Rev. Stylo established the Anglican Church in Loikaw 10 years ago. He built a nice compound on the edge of Loikaw with a church and several substantial buildings. Educated at the Asian Rural Institute in Nagoya, Japan, he established a local agriculture training center in Loikaw. Up to 20 students enroll in popular three-month courses that he holds twice a year. Lack of financial support prevents him from conducting more. The students come from all over Burma to learn how to raise chickens, pigs, and fish and how to use scientific methods to grow vegetable and fruit crops.

112. (C) Although we saw countless physic nut trees growing in and around Loikaw, Stylo was critical of the regime's promotion of physic nuts for bio-diesel and refused to encourage villagers to grow what he called the "good for nothing" plant. At best, he thinks the oil can be used to fuel wick lanterns, but it cannot be processed locally for use in even single piston engines. He believes the cost of processing physic nut oil to create a fuel suitable to run

engines would make it more expensive than diesel.

¶13. (SBU) Our contacts said that gem mines in Mawchi in southern Kayah State are not very active, partly a result of fighting in the area. The KNPP and the Burmese Army reportedly also skirmish over access to teak forests near the Thai border. Convoys of trucks frequently travel south to Pa Sang, laden with Chinese goods and Shan agriculture crops, destined for Thailand. On their return, the trucks carry teak logs from the border areas back into Burma. There is a large teak log storage depot on the outskirts of Loikaw.

HUMANITARIAN ASSISTANCE IN KAYAH STATE

¶14. (SBU) Two UN agencies work in Kayah State, UNDP and UNICEF. UNDP has only been in Kayah State since April 2005, and the regime restricts their activities to Loikaw Township only. UNDP has launched projects in 40 out of 123 villages there, focusing on rain water collection, village footpaths, female self-reliance groups, water, and sanitation. It also conducts health awareness courses in malaria prevention, reproductive health, and managing snake bites. UNICEF funds a physician based in Loikaw.

¶15. (C) At least three international NGOs WORK in Kayah State -- CARE, World Vision, and Medecins Sans Frontieres Switzerland (MSF). CARE and World Vision requested us not to meet with their local staff in Loikaw to avoid regime pressure on them. MSF, which has three expatriate staff

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based in Loikaw, did meet with us. MSF Field Coordinator Juan Prieto (Spain) said MSF Switzerland signed an MOU with the Ministry of Health (MOH) in 2005, which technically allowed them to work anywhere in Kayah State. In reality, the expatriate staff must request permission from the local commander each month to visit their eight Primary Health Care clinics. The commander has refused to let the expatriate staff visit one of the clinics, citing security reasons. The farthest clinic is in Pa Sang in southern Kayah State, and even when the authorities grant permission, MSF must wait until a military convoy is traveling there and join the convoy. Prieto has visited Pa Sang only twice in 2006. The government also requires MSF expatriate staff to return to Rangoon every three months to renew their residence permit to live in Loikaw. When they return to Loikaw, a liaison officer from the MOH insists on accompanying them on the journey from Rangoon.

¶16. (C) MSF uses the local hospital in Loikaw as a referral center for its patients who require more than primary health care services. MSF provides drugs for the patients it refers and covers other hospitalization expenses. MSF recently agreed to supply the hospital with a waste incinerator reasoning, that not only was it good public relations, but also helpful to ensure proper destruction of biohazard waste.

¶17. (C) COMMENT: Conditions in Kayah State are as grim as in the rest of the Burma. Health and education services are rudimentary and economic opportunities for most people are extremely limited. Kayah's isolation from the rest of the country exacerbates these conditions and prevents farmers and entrepreneurs from shipping their products to more profitable markets. Gambling on European soccer games may be the most reliable source in income. Until the KNPP renews a cease-fire agreement or the regime loosens its tight control over access, Kayah will remain not only Burma's smallest state, but also one of its most isolated. END COMMENT.
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